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Mary Girsch-Bock • Apr. 18, 2018

22222		Void <input type="checkbox"/>		a Employee's social security number		For Official Use Only ▶ OMB No. 1545-0008	
b Employer identification number (EIN)				1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code				3 Social security wages		4 Social security tax withheld	
				5 Medicare wages and tips		6 Medicare tax withheld	
				7 Social security tips		8 Allocated tips	
d Control number				9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.		11 Nonqualified plans	
f Employee's address and ZIP code				13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12a See instructions for box 12	
				14 Other		12b	
						12c	
						12d	
15 State Employer's state ID number		16 State wages, tips, etc.		17 State income tax		18 Local wages, tips, etc.	
						19 Local income tax	
						20 Locality name	

Form **W-2** Wage and Tax Statement

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In 2005, approximately 10 percent of workers were considered freelancers or contractors. That number rose to almost 16 percent in 2015 and will likely continue to rise in the coming years, as businesses find that they can reduce salary and associated expenses by using freelancers and contractors instead.

One of the turning points in the U.S. was the recession of 2008. As more U.S. workers

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What this means for business owners is an increase in the number of 1099s that will need to be processed. While processing W-2s for employees is a straightforward process, businesses need to understand that processing 1099's begins when a contractor is hired, not at year end, when forms are required to be processed and mailed/emailed out to those same contractors.

Even with the increase in freelance workers and contractors, many businesses find themselves struggling at year end to gather the information they need to process 1099s. January 1st is not the time to search out TINs and social security numbers. That information should be obtained when the contractor starts work. There's no reason why a contractor should be working at a business without a valid TIN or social security number on file. Taking five minutes to obtain this information would go a long way towards eliminating the year-end chaos that typically accompanies 1099 processing. And since non-compliance can be costly, ensuring that 1099's are processed both timely and accurately is more important than ever before.

The other thing that can reduce or eliminate the chaos is using a 1099 program that is designed to eliminate some of the year-end drama that can occur when processing 1099's. While there's some terrific software available that can make the job a lot easier, many small businesses are simply choosing to outsource this task to their accountants. So, whether you're a small business owner looking for a solid 1099 software program, or an accountant looking for the same, there are many programs to choose from – some part of a larger accounting program, others used as an add-on solution.

When looking to purchase a 1099 program, it's important to make sure that the product has been updated for the appropriate tax year. Most of the applications update their products in late fall, with the updated version available in December. Many programs also offer a demo, so users can try out the application prior to purchasing.

We looked at ten products in this latest review. Many of the products are part of a

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- [American Riviera Magtax](#)
- [AMS Software – 1099-Etc](#)
- [Wolters Kluwer – W2 and 1099 Payroll Compliance](#)
- [EG Systems](#)
- [Greatland Yearli](#)
- [Spokane Computer – MAG-FILER](#)
- [Tenenz EagleView](#)
- [Tenenz LaserLink](#)
- [Track 1099](#)

The accompanying chart identifies the common features found in each of the products, making it easy to see if a product offers the features you're looking for. Some of the features in the chart include:

- Online/mobile accessibility
- Processes both W-2s and 1099s TIN Verification available
- Electronic filing available
- Prints on blank paper
- Integration with vendor module
- Integration with other applications

Contract employees are not going away. If you have a 1099 system that works well, that's terrific. But as the number of contractors rise, processing becomes more important, and the tools needed more comprehensive.

If you're looking for a 1099 program, one of the best places to start looking is in this issue.

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